

TIME dotCom (TDC MK)

3Q25: Earnings In Line; Special Dividend Of 21.64 sen

Highlights

- TIME's 3Q25 core net profit came in strongly at RM137m (+23% yoy; +21% qoq) on the back of higher revenue, sustained EBIT margin, and an RM18.8m prior-year tax adjustment. Stripping out the tax adjustment, 3Q25 core earnings would have grown 6% yoy and 4% qoq. Earnings are in line with expectations.
- A special dividend of 21.64 sen/share was declared in the quarter, ahead of house and street estimates. Importantly, management aims to focus on optimal capital structure within the next one year, implying that excess cash will be paid back to shareholders as dividends.
- Maintain BUY with a DCF-based target price of RM6.00. Stock offers an attractive dividend yield of 10% for 2025 and 9% for 2026.

3Q25 Results

Year to 31 Dec (RMm)	3Q25	qoq % chg	yoy% chg	9M25	yoy % chg
Revenue	453.8	1.8	7.2	1,328.0	5.4
EBITDA	169.3	(8.8)	52.5	536.8	15.8
PBT	127.8	(10.8)	50.0	417.6	12.4
Reported Net profit	106.1	1.4	80.8	323.8	20.6
EPS (sen)	5.7	1.4	80.8	17.5	20.6
DPS (sen)	21.6	>100	>100	21.6	14.3
Core EBITDA	203.0	3.0	12.2	588.5	9.6
Core EBITDA Margin (%)	44.7	0.5	2.0	44.3	1.7
Core Net Profit	137.1	20.9	22.6	368.4	13.6
Core Net Profit Margin (%)	30.2	4.8	3.8	27.7	2.0
Segmental Revenue	3Q25	qoq % chg	yoy% chg	9M25	yoy% chg
Retail	181.7	2.3	11.6	532.1	11.6
Enterprise	144.8	1.3	9.0	421.3	6.5
Wholesale	127.2	1.6	(0.4)	374.6	(3.2)

Source: TIME, UOB Kay Hian

Analysis

- 3Q25 robust earnings, in line.** TIME dotCom (TIME) recorded a 3Q25 core net profit of RM137m (+23% yoy; +21% qoq). The uplift was supported by a higher overall revenue of RM454m (+7% yoy; +2% qoq), stable operating margin, and tax adjustment. Cumulatively, 9M25 core net profit came in at RM368m (+14% yoy), representing 74% and 77% of our and consensus full-year forecasts respectively.

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	1,591.0	1,690.2	1,758.9	1,851.0	1,949.0
EBITDA	567.3	635.0	722.6	771.2	797.7
Operating profit	384.1	440.9	518.7	575.0	610.0
Net profit (rep./act.)	2,568.8	382.9	497.5	542.6	585.3
Net profit (adj.)	405.0	441.8	497.5	542.6	585.3
EPS	22.0	23.9	26.9	29.3	31.7
PE	21.7	20.0	17.7	16.3	15.1
P/B	2.1	2.2	2.5	2.7	2.7
EV/EBITDA	12.8	11.9	11.4	11.4	11.5
Dividend yield	18.0	11.9	10.2	9.3	6.6
Net margin	25.5	26.1	28.3	29.3	30.0
Net debt/(cash) to equity	(0.4)	(0.3)	(0.2)	0.0	0.1
Interest cover	6.1	6.5	4.6	6.4	8.2
ROE	9.7	11.2	14.1	16.6	17.9
Consensus net profit	-	-	477.3	517.8	559.7
UOBKH/Consensus (x)	-	-	1.0	1.0	1.0

Source: TIME, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM4.77
Target Price	RM6.00
Upside	+25.8%

Analyst(s)

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Stock Data

GICS Sector	Communication Services
Bloomberg ticker	TDC MK
Shares issued (m)	1,848.8
Market cap (RMm)	8,818.9
Market cap (US\$m)	2,131.6
3-mth avg daily t'over (US\$m)	1.9

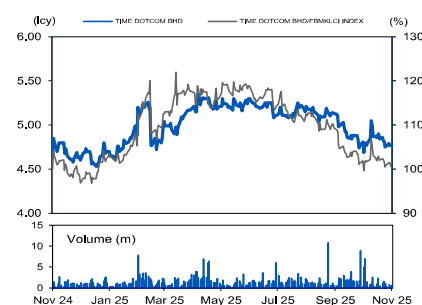
Price Performance (%)

52-week high/low			RM5.36/RM4.51	
1mth	3mth	6mth	1yr	YTD
0.0	(7.4)	(8.4)	1.1	1.7

Major Shareholders

	%
Employee Provident Fund	13.3
Pulau Kapas Ventures	10.0
Rahim Afzal	9.9
FY25F NAV/Share (RM)	2.06
FY25F Net Debt/Share (RM)	0.45

Price Chart



Source: Bloomberg

Company Description

Fixed line operator.

- **Active capital management: Special dividend of 21.64 sen/share.** The group declared a special interim dividend of 21.64 sen/share (109% payout) – ahead of expectations. During the analyst call, management articulated its readiness to take up debt to fund BAU's capex within the next one year.
- **Gearing up in next 12 months, up to 1.5x net debt/EBITDA.** While management have been talking about optimal capital structure, the timeline is new and indicates that excess cash in the company will be flowed to shareholders to lift group ROE as TIME's growth normalises to high single digit from double digits in the past five years. TIME has guided for future net debt/EBITDA levels to remain between 1.0-1.5x and is confident in sustaining healthy capital levels.
- **Retail.** 3Q25 retail revenue rose to RM182m (+12% yoy; +2% qoq), underpinned by continued household penetration. ARPU remained stable at RM117/month (2Q25: RM117/month) as the group saw a balanced mix of new lower-end plan subscriptions, premium plan additions, and premium plan upgrades by existing customers. Customer base grew by 8,000 subscribers in 3Q25, reaching a new record of 505,000 subscribers.
- **Cloud and enterprise solutions.** Revenue grew 2% yoy but moderated 2% qoq to RM45m, primarily driven by the delivery of large government projects. Conversely, 9M25 revenue continued to see weakness (-9% yoy), largely attributable to its struggling VMWare offering, following unfavourable changes in contract terms.
- **Wholesale segment revenue improved 2% qoq to RM127m (flat yoy),** attributed to an increase in data centre connectivity jobs. We expect revenue contributions in 4Q25 to pick up further (-3% ytd) as the group highlighted a healthy demand pipeline and accelerated project execution.

Valuation/Recommendation

- **Maintain BUY with a DCF-based target price of RM6.00** (WACC: 7%, terminal growth: 4%). At our target price, the stock will trade at 14.6x 2025 EV/EBITDA, +2SD from mean.
- **We raise our 2025-26 net DPS to 48.5 sen/share and 44.3 sen/share** (from 27 sen/share and 30 sen/share) respectively. The stock offers attractive dividend yields of 10.2% and 9.3% respectively.

Earnings Revision/Risk

- No changes to earnings.

Environmental, Social, Governance (ESG)

Environmental

- Increased solar energy adoption at TIME's headquarters led to 42,455.85 kWh of solar energy generated, contributing to a reduction in GHG emissions to 480 tonnes of CO₂ in FY2024.

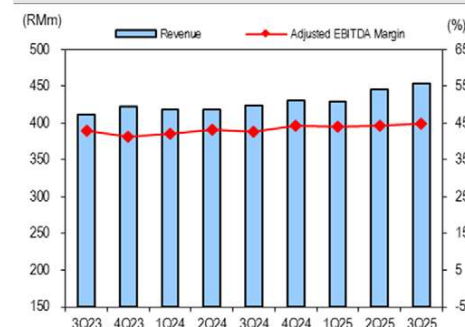
Social

- Over RM4.5m spent on community investments and over 4,800 volunteering hours by employees.

Governance

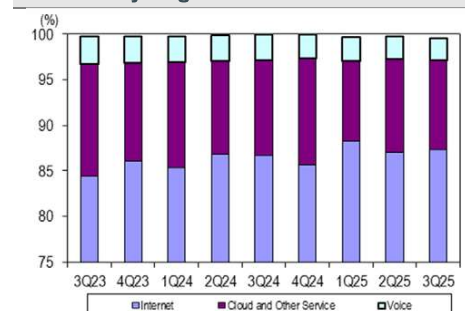
- Good company transparency along with an anti-bribery and anti-corruption policy.
- The board comprises nine members consisting of six Independent Directors and three Non-independent Directors including GCEO. Meanwhile, women comprise 44% (four directors) of the board.

Revenue and EBITDA Margin



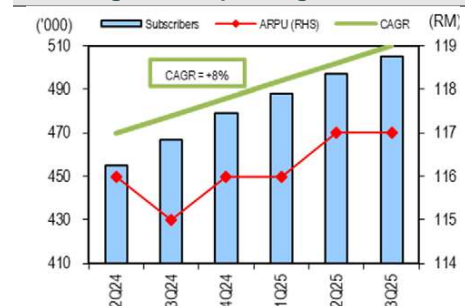
Source: TIME, UOB Kay Hian

Revenue By Segment



Source: TIME, UOB Kay Hian

Retail Segment – Operating Matrix



Source: TIME, UOB Kay Hian

Key Assumptions

Key Assumptions	2025F	2026F	2027F
Revenue growth (%)	4.1	5.2	5.3
EBITDA margin (%)	41.1	41.7	40.9
CAPEX to Revenue (%)	20.0	19.0	19.0
Product growth (%)			
Voice	(10.0)	(10.0)	(10.0)
Internet	4.4	5.7	5.7
Data centre	5.0	5.0	5.0

Source: TIME, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2024	2025	2026F	2027F
Net turnover	1690.2	1758.9	1851.0	1949.0
EBITDA	635.0	722.6	771.2	797.7
Deprec. & amort.	(194.1)	(203.8)	(196.2)	(187.7)
EBIT	440.9	518.7	575.0	610.0
Associate contributions	65.4	104.7	136.1	177.0
Net interest income/(expense)	19.8	63.8	37.7	20.1
Pre-tax profit	526.2	687.2	748.8	807.0
Tax	(140.7)	(183.7)	(200.2)	(215.7)
Minorities	(2.7)	(6.0)	(6.0)	(6.0)
Net profit	382.9	497.5	542.6	585.3
Net profit (adj.)	441.8	497.5	542.6	585.3

Balance Sheet

Year to 31 Dec (RMm)	2024	2025	2026F	2027F
Fixed assets	1,718.7	1,866.7	2,022.2	2,204.8
Other LT assets	1,662.0	1,766.8	1,902.9	2,079.9
Cash/ST investment	1,237.4	668.5	199.8	-51.3
Other current assets	419.8	435.4	456.3	478.5
Total assets	5,038.0	4,737.4	4,581.1	4,711.9
ST debt	1.0	1.0	1.0	1.0
Other current liabilities	479.8	473.3	488.3	513.1
LT debt	2.9	102.9	202.9	302.9
Other LT liabilities	622.2	622.2	622.2	622.2
Shareholders' equity	3,932.1	3,538.0	3,266.7	3,272.8
Minority Interest	32.9	38.9	45.0	51.0
Total liabilities & equity	5,038.0	4,737.4	4,581.1	4,711.9

Cash Flow

Year to 31 Dec (RMm)	2024	2025	2026F	2027F
Operating	628.8	516.7	565.2	584.5
Pre-tax profit	526.2	687.2	748.8	807.0
Tax	(140.7)	(183.7)	(200.2)	(215.7)
Deprec. & amort.	(194.1)	(203.8)	(196.2)	(187.7)
Associates	(3.1)	(104.7)	(136.1)	(177.0)
Working capital changes	38.0	(22.1)	(5.9)	2.5
Other operating cashflows	34.1	0.0	0.0	0.0
Investing	55.4	(263.0)	(288.0)	(323.2)
Capex (maintenance)	(324.8)	(351.8)	(351.7)	(370.3)
Proceeds from sale of assets	0.4	0.0	0.0	0.0
Others	399.0	88.8	63.7	47.1
Financing	(678.0)	(822.6)	(745.9)	(512.3)
Distribution to unitholders	(630.1)	(897.6)	(819.9)	(585.3)
Issue of shares	6.0	0.0	0.0	0.0
Proceeds from borrowings	(7.1)	100.0	100.0	100.0
Others/interest paid	(46.9)	(25.0)	(26.0)	(27.0)
Net cash inflow (outflow)	6.2	(568.8)	(468.8)	(251.0)
Beginning cash & cash equivalent	1235.0	1237.4	668.5	199.8
Changes due to forex impact	(3.9)	0.0	0.0	0.0
Ending cash & cash equivalent	1237.4	668.5	199.8	(51.3)

Key Metrics

Year to 31 Dec (%)	2024	2025	2026F	2027F
Profitability				
EBITDA margin	43.1	41.1	41.7	40.9
Pre-tax margin	31.1	39.1	40.5	41.4
Net margin	26.1	28.3	29.3	30.0
ROA	8.8	10.5	11.8	12.4
ROE	11.2	14.1	16.6	17.9
Growth				
Turnover	6.2	4.1	5.2	5.3
EBITDA	8.9	(0.8)	6.7	3.4
Pre-tax profit	20.9	30.6	9.0	7.8
Net profit	(85.1)	29.9	9.1	7.9
Net profit (adj.)	9.1	12.6	9.1	7.9
EPS	(85.2)	29.9	9.1	7.9
Leverage				
Debt to total capital	0.1	2.4	5.0	7.2
Debt to equity	0.1	2.9	6.2	9.3
Net debt/(cash) to equity	(0.3)	(0.2)	0.0	0.1
Interest cover (x)	6.5	4.6	6.4	8.2

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